



PAPERWORK REDUCTION ACT SUPPORTING STATEMENT

for the Revision of
Rule 204-2
OMB Control Number 3235-0278

The U.S. Securities and Exchange Commission (“Commission” or “SEC”) submits this information collection request (“ICR”) pursuant to the Paperwork Reduction Act of 1995 (“PRA”), 44 U.S.C. Section 3501 et seq., with the following justification.

1. Necessity of Information Collection

Section 204 of the Investment Advisers Act of 1940 (the “Advisers Act”) provides that investment advisers required to register with the Commission must make and keep certain records for prescribed periods, and make and disseminate certain reports.¹ Advisers Act rule 204-2 sets forth mandatory requirements for maintaining and preserving specified books and records.² The records that an adviser must keep in accordance with rule 204-2 must generally be retained for not less than five years.³ These requirements constitute a mandatory “collection of information,” within the meaning of the Paperwork Reduction Act.

On September 3, 2026, the Commission proposed to rescind rule 206(4)-5 (the “political contribution rule”) under the Advisers Act,⁴ which prohibits investment advisers from providing investment advisory services for compensation to a government client for two years after an adviser or

¹ 15 U.S.C. 80b-4.

² 17 CFR 275.204-2.

³ *See id.*, at 275.204-2(e). The standard retention period required for books and records under rule 204-2 is five years, in an easily accessible place, the first two years in an appropriate office of the investment adviser.

⁴ *See Political Contributions by Certain Investment Advisers*, Investment Advisers Act Release No. 6994 (Sept. 3, 2026) [91 FR 57698 (Sept. 10, 2026)].

any covered associate of the adviser makes a contribution to certain categories of elected officials or candidates, among other prohibitions.⁵ Further, the Commission proposed to amend rule 204-2 under the Advisers Act books to eliminate the provisions requiring a registered investment adviser to make and keep certain records in connection with the political contribution rule.⁶

The collection of information under rule 204-2 is necessary for the Commission staff to use in its regulatory and examination program. The collection has been previously approved and subsequently extended under Office of Management and Budget (“OMB”) control number 3235-0278 (expiring June 30, 2029), is found at 17 CFR 275.204-2, and is mandatory. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB number.

2. Purpose and Use of Information Collection

The purpose of the information collection in rule 204-2 is to assist the Commission’s examination and oversight program in determining compliance with the Advisers Act and corresponding rules. The respondents are investment advisers registered with the Commission. Responses provided to the Commission in the context of its examination and oversight program are generally kept confidential subject to applicable law.⁷

3. Use and Consideration of Information Technology

The Commission’s use of computer technology in connection with this information collection, which has been previously approved by OMB, would not change. The Commission currently permits advisers to maintain records required by the rule through electronic media.

⁵ See 17 CFR 275.206(4)-5.

⁶ See 17 CFR 275.204-2(a)(18).

⁷ See section 210(b) of the Advisers Act [15 U.S.C. 80b-10(b)].

4. Identifying and Minimizing Duplication

The collection of information requirements of the rule are not duplicated elsewhere

5. Effect on Small Entities

The requirements of the rule are the same for all investment advisers registered with the Commission, including those that are small entities. OMB has previously approved the effect of this collection on all investment advisers in general, including advisers that are small entities. Moreover, it would defeat the purpose of the rule to exempt small entities from these requirements. The Commission reviews all rules periodically, as required by the Regulatory Flexibility Act, to identify methods to minimize recordkeeping or reporting requirements affecting small businesses.

6. Consequences of Not Conducting Collection and Obstacles to Reducing Burden

Less frequent information collection will be incompatible with the objectives of the rule and would hinder the Commission's oversight and examination program for investment advisers and thereby reduce the protection to investors.

7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)

The collection requirements under rule 204-2 generally require advisers to maintain documents for five years, and in some cases longer. Although this period exceeds the three-year guideline for most kinds of records under 5 CFR 1320.5(d)(2)(iv), OMB has previously approved the collection with this retention period. The retention periods in rule 204-2 are warranted because the recordkeeping requirements in rule 204-2 of the Advisers Act are designed to contribute to the effectiveness of the Commission's examination and inspection program. Because the period between examinations may be as long as five years, it is important that the Commission have access to records that cover the entire period between examinations.

8. Public Comment and Consultations Outside the Agency

The SEC did not receive public comment during the 60-day notice and comment period. The Commission and the staff of the Division of Investment Management continue to participate in an ongoing dialogue with representatives of the investment adviser industry through public conferences, meetings and informal exchanges. These various forums provide the Commission and the staff with a means of ascertaining and acting upon paperwork burdens facing the industry. The Commission requested public comment on these collections of information requirements before it submitted this request for extension and approval to OMB.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality and Privacy

Responses provided to the Commission pursuant to rule 204-2 in the context of the Commission's examination and oversight program are generally kept confidential.

11. Collection Questions of a Sensitive Nature

Not applicable.

12. Estimated Time Burden and its Cost Equivalent

Section 204 of the Advisers Act provides that investment advisers registered or required to be registered with the Commission must make and keep certain records for prescribed periods, furnish such copies thereof, and make and disseminate certain reports. Rule 204-2 sets forth the requirements for maintaining and preserving specified books and records. This collection of information is mandatory. The collection of information under rule 204-2 is necessary for the Commission staff to use in its examination and oversight program, and the information generally is kept confidential subject to the provisions of applicable law.⁸ The following estimates of average burden hours and costs are made

⁸ See section 210(b) of the Advisers Act [15 U.S.C. 80b-10(b)].

solely for purposes of the PRA and are not derived from a comprehensive or even representative survey or study of the cost of Commission rules and forms. The respondents to this collection of information are investment advisers registered or required to be registered with the Commission.

The proposed amendments to rule 204-2 would eliminate paragraph (a)(18) of the rule, which provides for the requirement that a registered adviser that provides investment advisory services to a government entity, or to a covered investment pool in which a government entity is an investor, must make and keep certain records relating to its covered associates; government entities to which the adviser provides or has provided investment advisory services (or which are or were investors in any covered investment pool to which the adviser provides or has provided investment advisory services); contributions made by the adviser and its covered associates to government entity officials, or payments to State political parties or PACs; and regulated persons soliciting government entities on behalf of the adviser. Advisers are currently required to maintain such records for five years.⁹ We propose to amend the PRA burden related to rule 204-2 to reflect the removal of this recordkeeping requirement and to reflect updated data, including the implementation of a new wage calculation methodology.¹⁰

⁹ See 17 CFR 275.204-2(e)(1).

¹⁰ To calculate the occupational hourly rates used in this release, the Commission uses occupational mean hourly wage data from the Occupational Employment and Wage Statistics (OEWS) program of the Bureau of Labor Statistics (BLS) for “Securities, Commodity Contracts, and Other Financial Investments and Related Activities” (NAICS 523). See Occupational Employment and Wage Statistics, U.S. Bureau of Labor Statistics, *available at* <https://www.bls.gov/oes/>; *see also* Standard Occupational Classification, U.S. Bureau of Labor Statistics, *available at* <https://www.bls.gov/soc/> (describing occupational classification system used by BLS); Exec. Off. of The President, Off. of Mgmt. & Budget, North American Industry Classification System (2022), *available at* https://www.census.gov/naics/reference_files_tools/2022_NAICS_Manual.pdf (describing the industry classification system used by BLS and other agencies). The mean hourly wage for each occupation is adjusted for changes in the seasonally adjusted employment cost index for private wages and salaries between the data reference period and when the data are released by BLS. See Employment Cost Index, U.S. Bureau of Labor Statistics, *available at* <https://www.bls.gov/eci/>. The adjusted mean hourly wage is then multiplied by a factor that accounts for nonwage costs borne by employers, such as bonuses, benefits, and overhead. This factor is calculated as an average over the 10 most recently available years of data of the ratio of the Bureau of Economic Analysis’s annual gross output data for NAICS 523 to total annual wages across all occupations for NAICS 523 in the OEWS data. See Gross Output by Industry, U.S. Bureau of Economic Analysis, *available at* <https://www.bea.gov/data/industries/gross-output-by-industry>; Occupational Employment and Wage Statistics, U.S. Bureau of Labor Statistics, *available at* <https://www.bls.gov/oes/>. The final product is the occupational hourly rate. See generally Updated Methodology for Calculating Occupational Hourly Rates (Dec. 19, 2025), *available at* <https://www.sec.gov/files/method-occupational-hourly-rates.pdf>.

When rule 206(4)-5 was adopted, the Commission estimated that 1,697 registered advisers provided investment advisory services to government clients and to certain pooled investment vehicles in which government entities invest, and thus would be affected by the rule 204-2(a)(18) recordkeeping requirements.¹¹ The Commission estimated that the requirements would increase the recordkeeping burden of each impacted adviser by two hours, with the total burden among impacted advisers estimated to be 3,394 hours.¹² This resulted in an estimated annual aggregate burden for all advisers under rule 204-2 of approximately 2,106,046 hours, with an estimated average total burden per adviser of 181.45 hours.¹³ This average total burden per adviser represented an approximately 0.30 hour per adviser increase from the previously approved burden calculation.¹⁴

The total annual collection of information burden currently approved by OMB for rule 204-2 is 2,941,494 hours, with total internal monetized costs of \$239,732,050.80.¹⁵ This currently approved annual aggregate burden is based on an estimate of 15,906 total registered advisers, or approximately 184.9298 hours per registered adviser.¹⁶ The estimated total annual aggregate external cost burden is \$0. We determined that advisers would likely use a combination of compliance clerks and general clerks to make and keep the information required by the rule.¹⁷ We estimated that the hourly wage for compliance clerks was \$86 per hour, including benefits, and the hourly wage for general clerks was \$77

¹¹ See Political Contributions by Certain Investment Advisers, Investment Advisers Act Release No. 3046 (July 1, 2010) [75 FR 41018 (July 14, 2010)].

¹² See *id.*

¹³ See *id.*

¹⁴ See *id.*

¹⁵ See Rule 204-2 under the Investment Advisers Act of 1940, Updated Supporting Statement for PRA Submission (June 8, 2026), (the “2026 rule 204-2 PRA”), available at https://www.reginfo.gov/public/do/PRAViewDocument?ref_nbr=202512-3235-015.

¹⁶ 2,941,494 hours / 15,906 registered advisers = 184.9298 hours per registered adviser

¹⁷ See 2026 rule 204-2 PRA submission, *supra* footnote 15.

per hour, including benefits.¹⁸ We then calculated a blended hourly rate of \$81.5 per hour.¹⁹ For each adviser, 184.9298 burden hours would be required to make and keep the information and records required under the rule. The total cost per respondent therefore was an estimated \$15,071.80,²⁰ for an estimated total burden cost of \$239,732,050.80.²¹

As of December 2025, and incorporating filings received through April 30, 2026, there were 16,434 SEC registered investment advisers. This represents an increase of 528 registered advisers from the previously approved burden. Therefore, we estimate that the total aggregate burden under rule 204-2 will increase by approximately 97,642.93 hours²² for a total aggregate burden of approximately 3,039,136.33 hours,²³ or 184.9298 hours per adviser.

We estimate that approximately 2,091 advisers currently provide investment advisory services to government clients and to certain pooled investment vehicles in which government entities invest.²⁴ We

¹⁸ The hourly wage rates used in our prior estimates were based on data from SIFMA's *Office Salaries in the Securities Industry 2013*, modified by SEC staff to account for an 1800-hour work-year and inflation, and multiplied by 2.93 to account for bonuses, firm size, employee benefits and overhead.

¹⁹ $(\$86 + \$77) \div 2 = \$81.5$ per hour.

²⁰ $\$81.5$ per hour x 184.9298 hours per adviser = \$15,071.8

²¹ $\$15,071.8$ per adviser x 15,906 advisers = \$239,732,050.8

²² 528 registered advisers x 184.9298 = 97,642.93 hours.

²³ 16,434 registered advisers x 184.9298 = 3,039,136.33 hours

²⁴ This estimate is based on registration information from the Investment Adviser Registration Depository ("IARD system") as of December 2025, incorporating filings received through April 30, 2026. We are applying the same methodology as in the 2009 Proposing Release and the 2010 Adopting Release. According to responses to Item 5.D(i) of Part 1 of Form ADV, 1,518 advisers have clients that are State or municipal government entities, which represents approximately 9.24% of all advisers registered with the Commission (16,434). 14,919 advisers have not responded that they have clients that are State or municipal government entities. Of those, however, responses to Item 5.D(f) of Part 1 of Form ADV indicate that 5,493 advisers have some clients that are other pooled investment vehicles. Estimating that the same percentage of these advisers advise pools with government entity investors as advisers that have direct government entity clients—*i.e.*, 9.24%. Approximately 508 of these advisers would be subject to the rule ($5,493 \times 9.24\% = 508$). Out of the 14,919 advisers that have not responded that they have clients that are State or municipal government entities, after backing out the 5,493 which have clients that are other pooled investment vehicles, responses to Item 5.D(d) of Part 1 of Form ADV indicate that 705 advisers have some clients that are registered investment companies. Estimating that approximately the same percentage of these advisers advise pools with government entity investors as advisers that have direct government entity clients—*i.e.*, 9.24%. Approximately 65 of these advisers would be subject to the rule ($705 \times 9.24\% = 65$). Although we limited the application of rule 206(4)-5 with respect to registered investment companies to those that are investment options of a

continue to estimate that an adviser spends approximately two hours to comply with the rule 204-2(a)(18) recordkeeping requirement, with a total current estimated burden on impacted advisers of 4,182 hours.²⁵ The total annual estimated recordkeeping burden would be reduced by this amount to account for the impact of the proposal. Thus, the revised total aggregate burden for all respondents to the rule 204-2 recordkeeping requirements would be approximately 3,034,954.33 hours.²⁶ The revised total average burden per registered adviser would be approximately 184.6753 hours.²⁷

As discussed above, we are revising the wage rate methodology used to calculate cost burdens.²⁸ As a result, we are also changing the titles of the professions we believe an adviser uses to comply with rule 204-2 to bookkeeping, accounting, and auditing clerks and general office clerks.²⁹ We estimate the hourly wage for bookkeeping, accounting, and auditing clerks to be \$167 per hour and the hourly wage for general office clerks to be \$142 per hour. The blended hourly wage is therefore \$154.50 per hour.³⁰ For each adviser, 184.6753 burden hours will be required to make and keep the information and records

plan or program of a government entity, we estimate that 65 advisers would have to comply with the recordkeeping provisions because of the difficulty in further delineating this estimated number. Therefore, we estimate that the total number of registered advisers subject to the rule would be: 1,518 advisers with State or municipal clients + 508 advisers with other pooled investment vehicle clients + 65 advisers with registered investment company clients = 2,091 advisers subject to rule. We expect certain additional advisers may incur compliance costs associated with rule 206(4)-5, but we do not have relevant data on these advisers. For example, we anticipate some advisers may be subject to the rule because they solicit government entities on behalf of other investment advisers.

²⁵ 2,091 advisers x 2 hours = 4,182 hours.

²⁶ 3,039,136.33 hours – 4,182 hours = 3,034,954.33 hours.

²⁷ 3,034,954.33/16,434 = 184.6753 hours.

²⁸ See *supra* footnote 10.

²⁹ As stated above, prior rule 204-2 PRA submissions utilized the terms compliance clerks and general clerks to illustrate the professions undertaking the work to make and keep information and records under the rule. Although the title of the underlying profession has changed, the underlying tasks being performed have not.

³⁰ $(\$167 + \$142)/2 = \$154.50$.

required under the rule. The total cost per adviser therefore will be an estimated \$28,532.33,³¹ for an estimated total burden cost of \$468,900,311.22.³²

Although the estimated annual aggregate burden per adviser would decrease by approximately 0.2545 hours (or approximately 15 minutes) per adviser,³³ the estimated cost burden would increase by approximately \$13,460.53 per adviser,³⁴ and the estimated total cost burden would increase by approximately \$229,168,260.42.³⁵ This increase is due to the change in the occupational hourly rate methodology used to calculate the cost burden, which has increased the blended hourly wage from \$81.50 per hour to \$154.50 per hour.

Table 1

Information Collection	Annual No. of Responses			Annual Time Burden (Hrs.)			Annual External Cost Burden (\$)		
	<i>Previously approved</i>	<i>Requested</i>	<i>Change</i>	<i>Previously approved</i>	<i>Requested</i>	<i>Change</i>	<i>Previously approved</i>	<i>Requested</i>	<i>Change</i>
Rule 204-2	15,906	16,434	528	2,941,494	3,034,954.33	93,460.33	0	0	0

³¹ \$154.50 x 184.6753 hours = \$28,532.33.

³² \$28,532.33 per adviser x 16,434 advisers = \$468,900,311.22.

³³ 184.9298 hours – 184.6753 hours = 0.2545 hours

³⁴ \$28,532.33 - \$15,071.80 = \$13,460.53.

³⁵ \$468,900,311.22 - \$239,732,050.80 = \$229,168,260.42.

13. Estimated Additional Cost Burden

There is no cost burden other than the cost of the hour burden described above.

14. Annual Cost to the Federal Government

Not applicable.

15. Reasons for Changes in Burden

As noted above, the approved annual aggregate burden for rule 204-2 is currently 2,941,494 hours, based on an estimate of 15,906 registered advisers, with a total internal monetized cost burden of \$239,732,050.80. As a result of the proposal, the estimated annual aggregate burden per adviser would decrease by approximately 0.2545 hours (or approximately 15 minutes) per adviser.³⁶ However, the estimated internal cost burden would increase by approximately \$13,460.53 per adviser,³⁷ and the estimated total internal cost burden would increase by approximately \$229,168,260.42³⁸ to \$468,900,311.22. This increase is due to the change in the occupational hourly rate methodology used to calculate the cost burden and an increase in the number of SEC registered investment advisers.

16. Plans for Publishing Results

Not Applicable.

17. Approval to Omit Display of OMB Expiration Date

Not Applicable.

18. Exceptions to the Certification for Paperwork Reduction Act Submissions

Not Applicable.

³⁶ 184.9298 hours – 184.6753 hours = 0.2545 hours

³⁷ \$28,532.33 - \$15,071.80 = \$13,460.53.

³⁸ \$468,900,311.22 - \$239,732,050.80 = \$229,168,260.42.